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Filkemp – An unknown future

João Pedro Vieira Almeida e Costa

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Alexandre Dias da Cunha

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Filkemp – An unknown future

This case, based on a real company situation, aims at illustrating how personality and the related behavior can influence planned succession and decision making in the family business context. After three months of working together in their family business, father and son are experiencing a tumultuous relationship, a result of their different levels of emotional intelligence.

Family dynamics, Leadership style, Succession Planning, Commitment

Part A

The return

It was the 2nd of May 2016. Markus parked his car at the entrance of Filkemp, the company he had been in charge of for the past year. The company was located in Mem Martins, on the outskirts of Lisbon. He walked out and promptly lit up a cigarette. Something rare for a social smoker, especially so early in the morning... But that day was different. Markus focused his attention at the giant company's logo placed right above the building's entrance door and remembered how pleased he had felt for the past year he spent working for the company as CEO. Despite some anxiety, he felt he had successfully accomplished the mission he had been assigned to a year before. As soon as Markus finished smoking, he entered the building towards the board room.

Everyone who should have attended the meeting (first line management) was already seated, waiting for Markus and his father. The CEO greeted everyone present in the room and took the chair at the head of the table, as he had always done for the past year. Wolfgang Kemper showed up five minutes later. The eighty six year-old-man stopped at the door and stared at each one individually for a few seconds. As he walked in, his son immediately got up, indirectly telling his father to occupy the head of the table. "Son, you're the CEO now, that chair belongs to you! Let's not take this discussion further".

Wolfgang then spent ten minutes describing how difficult it was for him to step down from a position he had filled for the past eighteen years and thanking everyone with no exception that had contributed to the company's consistent results while he was recovering.

The first point in the agenda was the company's organizational chart restructure, given Wolfgang's return. Markus presented his proposal, which was previously discussed with the board and his father, and in which the board was graphically represented in a grey rectangle. Wolfgang would be the Chairman. His father did not seem satisfied and questioned his son why the position he would occupy was not within the grey coloured rectangle in which board as such was: "What does it mean mean, Markus? Why grey? Have you foreshadowed my temporary existence in the company?" The room fell completely silent at that moment and Wolfgang for the first time felt a lump in his throat. That was the first time father and son were partnering up in business and the first clash had arisen in the first matter of discussion.

From the very beginning – Wolfgang Kemper

Wolfgang Kemper was born in Germany in 1930. Wolfgang's childhood and adolescence were marked by an extreme poverty. When he turned fourteen, during the 2nd World War, he was recruited to work at a military airport in Düsseldorf digging trenches, where he stayed for three years. Wolfgang and his family were living in the War zone, constantly under threat. These difficult stages of his life and the traumatic experience at the military airport molded his attitude towards life. Wolfgang's actions reflect the importance he places on his family's safety, something that he was never able to experience at a young age.

In 1955 Wolfgang applied to a sales position at Hoechst, which was at the time, along with BASF and Bayer, one of the most powerful chemical companies in the world. Wolfgang got hired for a vacant sales position in Brazil, where he was sent to after a 6-month

apprenticeship in Frankfurt. In just one year, and without speaking Portuguese, Wolfgang achieved his targets, and quickly started to tell his colleagues how they should handle their customers. Needless to say, they were not happy and complained to management who gave Wolfgang each of the salesmen's worst customers. At that time Wolfgang had no car which was a big handicap for a sales person given the city's wide spread geographic area and bad public transportation system. However, this didn't prevent him to be considered the best among the salesmen right after three years. The invitation to become vice president of Hoechst in Venezuela came soon, and after four years, Wolfgang was the best paid employee of the company, as he was getting commissions on Hoechst Venezuela's total revenues and not just on what he sold. During his stay in Caracas, Wolfgang married a German lady whom he had met in Brazil, while working there.

All these successive consistent performances led Hoechst headquarters in Frankfurt to offer him the position of General Manager of this multinational company in Portugal in 1964. At the age of thirty-four, Wolfgang became Hoechst's first non-chemical country manager. At that time, Hoechst had no production running in the country, just an established sales office in Oporto. However, Wolfgang was eager to change the course of the company's branch, as soon as he realized the country's potential.

From Hoechst to Filkemp's birth

In the 70's Hoechst decided to shut down its monofilaments production site in Berlin, an opportunity that Wolfgang could not pass by. He asked the corporate office's permission to

transfer the production of polyamide monofilaments from Germany to Portugal. In result, the Portuguese branch acquired the German department of polyamide filament and initiated production in Mem Martins, in 1970. The Entrepreneur was not yet satisfied and for a few more times he challenged the corporate office to start other chemical innovative business units in the country. However, the corporate office was reluctant to invest, given the country's small market dimension compared to other European countries at the time. In spite of several corporate declines in response to Wolfgang wishes, he led the company into different business areas and markets such as chemical, pharmaceutical, IT, Purchasing and many others. Despite his evident success in Portugal, the relationship with the company's management in Germany was never easy, due to his difficult temperament.

Hoechst offered Wolfgang more than once the opportunity to be transferred to more developed and larger markets, which would constitute a huge step in his career. But Wolfgang's choice had been made right after his arrival. One day, the corporate president asked him: "Do you want to stay in Portugal forever?" He didn't hesitate for a second: "That's exactly what I want".

Kemper had a dream: to turn Hoechst into a great company and to considerably contribute to the growth of the Portuguese economy. These aspirations could be supported by the low wage level practiced in the country and by the qualified human capital that was emigrating given the lack of opportunities in Portugal. This utopia (as seen and described at the time by his peers in the company) and the love that Wolfgang immediately felt for the country and the people, were at the foundation of what today is called Filkemp. While some of his colleagues from other chemical multinationals' were spending their time playing golf

and enjoying Lisbon he was fully dedicated to his job. Wolfgang was a reserved person with a small circle of friends.

Hoechst's growth under Wolfgang's lead was impressive. When he retired in 1994, Hoechst had eight production plants in several regions of the country. Also, the multinational had two thousand workers at the time, twenty times more than when Kemper arrived thirty years earlier.

Filkemp

In 1998 the board of directors in Germany decided to concentrate all of the Hoechst activities world-wide just on "life sciences" (Pharmaceutical Products), which meant that all of its non-core activities had to be sold off, including the ones in Portugal. Hoechst was split up in 1999 and parts were sold to Rhône-Poulenc and to Aventis.

At the age of sixty-eight Kemper decided that for him this was a great re-start opportunity. Together with Manuel Rolo and José Inglês, former managers of Hoechst, they came forward with a management buy-out (MBO) proposal and acquired the polyamide unit which gave origin to Filkemp. At that time Filkemp just produced fishing lines for commercial and industrial use.

In an attempt to grow the business in terms of volume and profitability, Wolfgang decided to add another business unit. He recruited the polyester (PET) filament's BU director that had been fired by the headquarters in Germany, which constituted a great addition in terms of know-how. Filkemp started producing PET monofilament for conveyor belts and

filters (see appendix I). The turnover more than doubled between 1998 and 2004 due to the growth achieved in this particular segment of the market (see appendix II). The strategy for the takeoff had proven to be effective.

Since the very beginning, Filkemp's mission was clear: to provide top of the line products, competitively priced and with the best after sales service possible. Also, the low salary level in Portugal allowed the company to have low production costs, which enabled Filkemp to offer the best price/quality relationship, especially when compared to its German competitors.

In 2003, Filkemp's board decided to start producing the same PET monofilaments for another use: Paper Machine Clothing (PMC). Even though these monofilament fabrics (dryer fabrics) are a small part of these huge machines (200 meters length – see appendix III), they were a high priced product (with very high margin for Filkemp), given the complexity of the production process. The risk for the companies which sell this type of machine is high, because in case the equipment needs to stop to be fixed, the costs involved are enormous. Hence, these companies are less sensitive to the dryer fabric's price. In result, Filkemp achieved a 30% growth in its turnover value between 2004 and 2008 (see appendix IV).

In 2011, Filkemp started a third business unit, in which it produces abrasive monofilaments, which are used to manufacture abrasive bristles used in the metal and marble industry. At that time in Europe, only DuPont produced these types of monofilaments, which sold at very high price and had high margins. As done before with the polyester products, Wolfgang approached ex-DuPont technical director and managed to recruit him. They were then ready to initiate production and assure a very high quality product at a really competitive

price. This specific type of product was an important driver for the sales' growth observed after 2012 (see appendix V).

Today the enterprise has four business units (see appendix VI) and 60% of its turnover derives from the sale of the PET products (see appendix V). In 2015, Filkemp exported more than 95% of its production, which more than half goes to Germany and China (see appendix VII).

Something unexpected happened

In the beginning of 2015, Wolfgang was diagnosed with intestine cancer and had to be subjected to surgery. The situation was extremely complicated, given the lengthy and tough recovery process normally needed in these cases, particularly taking into account Wolfgang's age. Therefore, he needed a person capable of replacing him in the company. There were not many options to choose from hence, the choice should have been straightforward. It could have been either José Inglês (Chief Operations Officer) or Manuel Rolo (Head of Manufacturing), who had not only accompanied Wolfgang since the beginning of Filkemp, but who were also minority shareholders (24,5% each) (see appendix VIII). But Wolfgang had an agreement with his son Markus. If something were to happen to him, Markus was to step in and replace him as CEO. This decision was facilitated by the existing shareholder structure (see appendix VIII), as Wolfgang held 51% of the shares and was therefore the company's majority shareholder, which means that even if José Inglês or Manuel Rolo would oppose his decision, there was not much they could do.

The situation was critical. The chances of Wolfgang leaving the hospital alive were slim. Hence, Markus, respecting the agreement he had with his father, opted to take over as CEO for an undetermined time.

Markus Kemper – A new generation

Markus was born in Caracas/Venezuela in 1964. When he was six months old his father got transferred to Oporto in Portugal where he became the CEO of Hoechst Portuguesa. Markus is Wolfgang's only son and in 1972, when he was eight years old, the Kemper family moved to Lisbon, due to the fact that Hoechst built its new headquarters in Mem Martins.

Markus attended the German school in Lisbon, where he was never a great student. Most of his free time was spent on the beach, giving windsurf lessons or playing golf.

When Markus turned twenty, his father enrolled him in a DUAL apprenticeship program in Germany where he was to learn a profession. However, this didn't sound very attractive to him and he knew he had to find a good alternative so he could have his father's support. He realized that if he did not leave the country it would be difficult for him to change his lifestyle. Germany was not an option because he wanted to avoid the German mandatory military service. Therefore, Markus decided that he wanted to study Marketing in the USA. He communicated his decision to his father, and Wolfgang decided to give him the financial backup he needed to pay the very expensive tuition fees. To help his father pay for his living expenses, Markus took on several jobs while he was studying. He worked at the university's

library at night during the week and as a janitor during the weekends. Markus finished his bachelor as one of the best students of his school.

Markus returned to Portugal after graduating in 1987 and decided to start his own business. “CESCE - Soluções Informáticas” was a mainframe brokerage enterprise dealing with used equipment that was successfully able to threaten IBM’s business. In the mid-nineties, an IBM decision put an end to the arbitrage opportunity and the brokers were forced out of business.

In the mid-nineties, Markus focused his attention in data storage and telecommunication again in the mainframe sector, where competition was low. Through CESCE he was representing the StorageTek multinational in Portugal. The latter, was a very successful worldwide company which had developed a robot that significantly diminished the time needed for a company to access historical data, which was very time consuming at the time. Over time Markus grew CESCE into a one-stop storage solution company for mainframes (MVS) and midframes (AS400), as well as distributed systems (Unix and NT). The company distributed exclusively well-known manufacturers such as StorageTek, Hitachi and many other companies in the hardware, software and service area. Despite this success in the IT world, Markus thought that it was time to invest in a safer business, one that could be sustainable in the long run. . When CESCE was sold in 2004 to a Spanish company it had a turnover of 30 million € and 55 employees.

In 1997 Markus decided to invest in the real estate business and started “CESCE - Imobiliária”. The business objective was to buy commercial real estate in Oporto and Lisbon, for rental purposes.

In 2004, when IT market opportunities were declining, Markus sold “CESCE – Soluções Informáticas” to a competitor from Catalonia at a considerable price. After, Markus got involved in a number of other businesses and “pro bono” activities. Markus invested in the agricultural sector both in Portugal and Argentina. He was president of CILA – “Câmara de Comércio e Indústria Luso-Alema”, a business partner whose mission is to help Portuguese companies that decide to explore the German Market.

A time of transition – Understanding the dynamics

As soon as Markus took the reins and got more familiarized with Filkemp, he fully realized the greatness of what his father and his team had been able to develop over the past seventeen years. Even though it was a big challenge for Markus, the enterprise was, in a way, so well supported and organized by people who knew and had learnt the business for so long, that it was relatively easy for him who had zero experience in the sector, to succeed. Also, the achieved maturity of the commercial relationships with its most important clients across the world made things easier. Therefore, the company kept its outstanding performance under Markus’ guidance.

José Inglês and Manuel Rolo had accepted Wolfgang’s choice. They already knew Markus for a long time and knew he was capable of being in charge of the business.

As time went by, Markus became more and more enthusiastic about the business. Unlike in the real estate world, where every day was relatively peaceful, at Filkemp critical decisions were taken almost daily and Markus was enjoying to be put out of his comfort zone

again. After all, Markus was the CEO of his family business, which was the world market leader in two types of products.

Part B

Wolfgang's return revisited

One year after being diagnosed with cancer, Wolfgang gave proof of his strength. He had recovered, was full of energy and eager to get back to work. How would he fit in his own company after having nominated his son CEO one year before?

Father and son talked and easily came to the conclusion that there was no point of Markus stepping back. He was satisfied at the company and his father recognized that he was capable of doing a good job, keeping business thriving.

After the board meeting on the 2nd of May, father and son got together at Wolfgang's office. Markus broke the silence: "I'm sorry dad. It was not on purpose. The fact that your position was not colored in grey in the organizational chart does not mean that you are not as involved in the company as you were before or that our collaborators respect you any less." Wolfgang apologized and expressed his gratitude to his son: "I know son, I overreacted. I'm glad you're finally by my side at Filkemp and I'm very grateful for what you've done for our business during the last year."

"I hope we will have fun doing business together" said Markus with a smile on his face. Wolfgang was not able to understand his son's statement: "Son, I don't see a connection

between fun and business.” Markus felt that the best to do at that moment was not to answer and left the room. He could not understand his father’s point either... After all, he had enjoyed wonderful times during his times at CESCE and the last year he had spent at Filkemp.

Three months after Wolfgang’s return

Times were not easy for the management team. Even though business was prospering as usual given the accumulated experience either venturing into new lucrative business products or approaching new markets, some decisions were taking time to be taken and implemented. Even though they were conscious that this would not threaten Filkemp’s historical ability to adapt to the business conditions in the short term, it wasn’t being easy for Wolfgang and Markus to handle their business relationship.

Historically, under Wolfgang’s leadership, decisions were briefly discussed at the board meetings so everyone could share their points of view. However, the great majority of decisions were finally restricted to his will. Things were substantially different with Markus. He was challenging the management team to state their thoughts and the potential impact of each business decision. Meetings were now lasting more but participants were fulfilled as they really felt they were having somehow an impact on the company’s future. These two leadership methods were not obviously compatible and even if Markus was able to convince his father about the importance of involving their colleagues in the decision making process, Wolfgang always liked to follow his own judgments and seemed determined to keep things

his way. Despite Wolfgang's autocratic leadership style, people had always been satisfied working with him. They recognized his good business management skills and his good will. Under his lead, Filkemp, whenever results allowed for it, distributed a considerable amount of money as bonus payments (between one and two monthly salaries) to each employee, which obviously contributed to everybody's overall satisfaction.

The personal relationship between father and son is generating an increasing amount of tension not only between themselves, but also amongst the management team. Markus challenges his father whenever needed, which happens frequently during board meetings. Wolfgang feels threatened and reacts accordingly. The result is that Wolfgang has started to meet with some of his colleagues without the presence of Markus in order to avoid conflict and to get his way more easily.

After yet another board meeting, Markus left Filkemp's office with José Inglês as they had agreed to have lunch together that day. "What would you do if you were in my position José?" Markus asked, seeking for advice. José started to slow down the pace as they walked down the road and reassured the CEO: "Calm down Markus, things will work out as they always have worked, but it takes time." "I didn't see this coming, José. Our people have already experienced work with me and my father. I'm not saying my way is the right one, but I'm quite sure both cannot be combined. People will get..." José Inglês swiftly interrupted his boss: "People will get used to it. You're being exaggeratedly pessimist. We are now able to have the best of both worlds... The immense knowledge about this market brought by your father and your experience on people's management."

Markus was having trouble clearing his mind up. Part of him wanted to stay. The other didn't want to leave either, but was trying to find the pros of leaving due to the trouble he was having dealing with his father. He was fascinated by the people he had met at Filkemp and with whom he had a great time doing business with. As he had started to get to know better the particular business singularities, he was enjoying even more his position. Despite the clashes with his father, he was really happy that his father recouped and was at the time alongside him, partnering up in a very successful worldwide family business. Furthermore, he had been able to manage the real estate business he kept while he was occupying the executive position at Filkemp.

In spite of José Inglês optimism, Markus couldn't foresee how it would end up if he was staying along with his father, but three months after his return, some decisions were being delayed and Markus was somehow disappointed with a situation he had never anticipated.

Teaching Note

Overview

The case represents a real family business where father and son are Chairman and CEO, respectively. Previously, Wolfgang and Markus experienced no resistance to their leadership methods as they were CEO at different moments in time. Now the two are exercising leadership positions at the company and both have different management styles. Ultimately, this is causing disagreements between them, which is affecting their business relationship. Markus is not comfortable with the situation and is considering leaving the company. Furthermore, Wolfgang at eighty seven years of age refuses to plan his retirement even having his son Markus, a natural successor in time, working alongside him.

It is intended to demonstrate how family dynamics play a role in the family business context, giving rise to different behaviors that ultimately potentiate conflicts. Also, to expose how transfer of power is addressed in these type of firms.

Target Audience

The case analysis is applicable to Family Business courses, either undergraduate or graduate to analyze family dynamics and succession planning in family businesses.

Students should be able to understand the specific dynamics of family firms and to relate it with the concepts presented above.

Learning Objectives

- Understand the complexities of the relationship between members of a family in the business context;
- Conclude that these complexities are related to the concept of self-differentiated individuals that participate in the family system;
- Analyze succession planning process in family firms and relate it to the career of the CEO;
- Identify different types of commitment regarding a family member attitude towards his function in business;

Teaching Plan

First, students are asked to prepare the class at home, reading the case (part A).

For case discussion, a 10 minute introduction by the instructor is expected. The last should disclose the history of the company since 1998 until Wolfgang's return to the company (part A). Then, students are asked to answer question 1. After, volunteers should propose their answers to the class during 15 minutes.

The instructor fosters students to think and give solutions about potential situations related to family dynamics and succession planning that might have arisen after Wolfgang's return to the company (part B) (10 minutes).

Students read the second part of the case (part B). Instructor gives some time for students to answer questions two and three and ask for volunteers to give their opinions (30 minutes).

Discussing questions

1 – How would you describe Markus Kemper's commitment towards his leadership position at Filkemp? Did it evolve over time and why?

When Markus was first approached by his father to take over as CEO, what really led him to accept the offer was the agreement he had with Wolfgang. Despite some insights he had from the business as his father had been linked to it for so long, he had never had any particular inclination towards occupying a position at Filkemp. According to the theory regarding next generations' interference in business, it is possible to distinguish between different types of commitment. "Normative commitment is based on an individual's feeling of obligation to pursue a course of action (Meyer and Herscovitch, 2001)" (Irving, 2005). The term obligation suggests a "sense of being locked into the organization although the individual may not perceive this negatively" (...) "S/he accepts the influencing force and is eager to establish or maintain satisfying relationships." (Irving, 2005). Indeed, Markus understood the compromise he had with his father as a "you ought to". However, he accepted the challenge and found his own space at the enterprise.

By the time his father returned to the company, Markus was differently involved in the organization. He learnt the specificities of the business and established harmonious relationships with the people he was working with. These were improving Markus fit into his

role. In line with Greg Irving, “affective commitment is based on an individual’s emotional attachment to, identification with, and involvement in the organization (Meyer and Allen, 1991: 67)” (Irving, 2005). The author goes further when he states that “An individual with high affective commitment to an organization portrays a strong belief in, acceptance of, and an excitement about organizational goals. There is a strong desire to contribute to these goals. S/he perceives a possibility of simultaneously contributing to the organization, as well as, satisfying her/his personal ambitions and career aspirations.” (Irving, 2005). This relates to this specific case: Markus found a match between his professional ambition (have an executive position) and contributing to something meaningful – the flourishing of his family business. Markus’ emotional connection to Filkemp can be better understood under the light of the Socioemotional Wealth Model (SEW): “The identity of family members is closely linked to the firm, which often carries their name (Dyer & Whetten, 2006) (...) Because of their close attachment to the firm, the ability of family members to exercise authority and control over the business represent an important source of emotional satisfaction (Schulze et al., 2001)” (R. Gomez-Mejia, Cruz, Berrone, De Castro, 2012). In this specific case, it is fair to say that the return that both Kempers take from the business is essentially emotional. Wolfgang is eighty seven years old and his only son has more than enough means to live the rest of his life comfortably. Concluding, Wolfgang and Markus don’t really have the need to generate extra wealth – the emotional return they take from it is more important than the financial one.

2 – How is succession being planned at Filkemp?

Wolfgang started Filkemp at the age of sixty-eight. Since the beginning of his career, he had been capable of surpassing the obstacles that stood in his way and challenging whoever was against his ideas. Even now, having Markus alongside him and being Markus a natural successor in time, the Chairman refuses to think about his succession. The SEW model goes in line with Wolfgang's shown resistance to plan succession – "Family executives (...) They value control of the business above all else because they have spent their lives achieving that status, often at a great personal cost (Casson 1999)" (R. Gomez-Mejia, Cruz, Berrone, De Castro, 2012). Relating it to CEO exit styles and the transfer of power, he fits the Monarch style. "Monarchs do not leave until they are forced out or die (Wendy C. Handler, 2009)." (Handler, 1994).

Markus is currently contributing to the family business, but he would not be if his father had not been sick and had to be replaced at the time. Wolfgang's age and the recent close encounter he had with death could have helped to change his vision towards this matter, which did not happen. According to the theory, "Monarchs in business do not talk about succession, nor do they set a date for departure or a deadline for changes in responsibility. They genuinely seem to believe that illness and death are things that happen only to others – those poor souls who never ran their own empire." (Poza and Daugherty, 2014). Also, Wolfgang has difficulties imagining how his everyday life would be without an occupation he had for the past decades. Research confirms this point: "The founder's resistance to planning for succession is related to the inability to dissociate from the firm (Kets de Vries, 1985), due to identity being wrapped up with the firm, lack of other interests, fears associated with

retirement...” (Handler, 1994). Filkemp is an intrinsic part of Wolfgang’s identity. In this case, the resistance that has origin at Wolfgang’s emotional attachment to Filkemp is aggravated by Wolfgang’s life circumstances. As he had spent much time dedicated to his profession he had never had other hobbies (lack of other interests), so he can not imagine his every day routine out of Filkemp. This creates the “sense of fear” which Ket de Vries mentions.

Concluding, succession is not currently being planned at Filkemp, which creates a risk of instability for the company’s future. “If a monarch rules the family business, chaos will likely follow his or her death. In the vacuum created upon the monarch’s departure, greed and a thousand hidden agendas will flourish, destroying in months what took a whole lifetime – or even several generations – to create.” (Poza and Daugherty, 2014). In case Markus decides to leave, after Wolfgang’s inevitable departure from the company, it is not possible to anticipate if Markus would want to go back to leading Filkemp, which poses the risk of instability.

3 – What causes Markus and Wolfgang distinctive ways of exercising leadership?

List two risks that Filkemp faces in result.

Wolfgang and Markus are very distinctive persons with different attitudes and behaviors. While the Chairman views business as something very serious, CEO is used to have fun at work. This example reflects two different lifestyles, which result from different paths of life.

As persons that experienced different childhoods and courses of life, Markus and Wolfgang have different levels of emotional intelligence that are translated into two distinct

ways of exercising leadership. According to Daniel Goleman, Emotional intelligence is defined as “understanding one’s own feelings, empathy for the feelings of other and the regulation of emotion in a way that enhances living” (Goleman, 1995). Markus soon emancipated himself from his family and built a strong identity. His life period in the USA where he worked hard to pay part of his living expenses was key to create this autonomy in relation to his family. This contributed for his capacity to manage his own emotions and feelings, which is in line with Bowen’s theory regarding family dynamics: “the degree to which a differentiation of self occurs in an individual reflects the extent to which that person is able to distinguish between the intellectual process and the feeling process (emotions) he or she is experiencing.” (Goldenberg, 2010). Markus translates his emotional intelligence into his leadership style, involving the team and fostering collective decisions.

Wolfgang links the personality traits (mainly vigorousness) he acquired by being involved in the German rebuilding after World War II, to the several achievements he made in life. He succeeded through his hard working capabilities and following his own judgments. Hence, he has difficulties accepting other’s opinions and most of the times decisions are constricted to his will. However, people have always enjoyed working with him, as they’re compensated by their effort.

It is possible to identify two risks that Filkemp faces:

- Markus stays along with his father and the management team start to experiment confusion as Markus fosters a collective decision process but ultimately Wolfgang chooses the course of action, as his Chairman position allows him to. Also, as conflicts between Wolfgang and Markus are frequent and Wolfgang meets with board members without Markus

presence, this can create divisions within the board. This confusion and the potential divisions generated, can lead to the team's underperformance and in the long term threaten Filkemp's success in doing business;

- Unsatisfied with his father's resistance to change and the consequent conflicts that arise, Markus decides to leave Filkemp. This decision can lead to problems in terms of Wolfgang's replacement, because succession is not currently being planned and again, after Wolfgang's inevitable departure from the company, it is not possible to anticipate if Markus would want to go back to leading Filkemp or if he would rather sell his ownership rights.

Teaching Plan

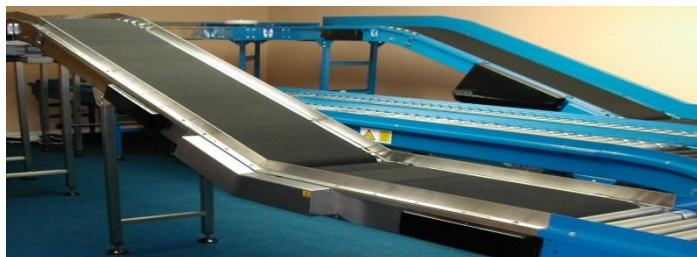
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The instructor fosters students to think and give solutions about potential situations related to family dynamics and succession planning that might have arisen after Wolfgang's return to the company (part B) (10 minutes).

Students read the second part of the case (part B). Instructor gives some time for students to answer questions two and three and ask volunteers to comment (30 minutes).

I -



Conveyor belts and filters

II – Filkemp's sales evolution per business unit (1998-2004) in €M;

Business Units / Year	1998	2000	2002	2004
PA	4.859.029	6.020.725	5.626.668	5.763.102
PET	442.289	2.682.341	4.300.238	6.213.947
TOTAL	5.301.318	8.703.066	9.926.906	11.977.049

III -



Paper machine clothing

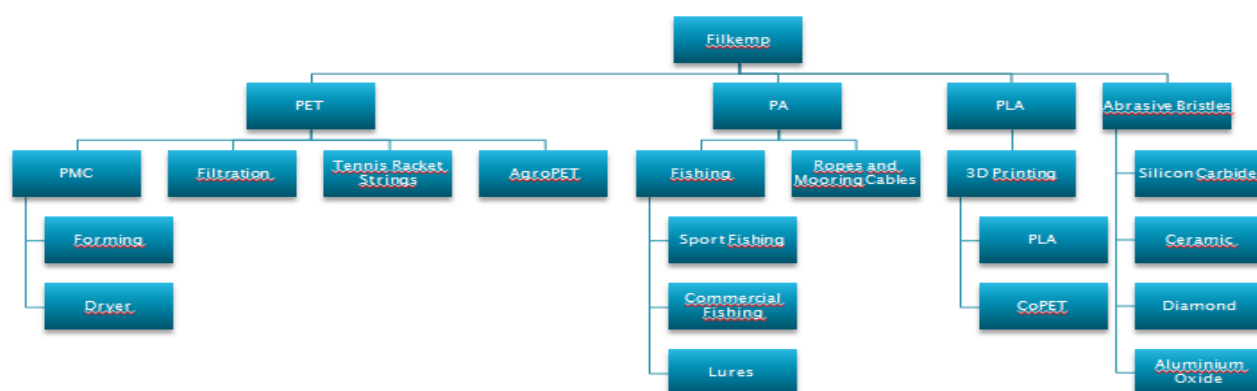
IV – Filkemp's sales evolution per business unit (2004-2009) in €M;

Business Units / Year	2004	2006	2008	2009
PA	5.763.102	5.202.781	5.237.751	4.131.916
PET	6.213.947	8.575.052	10.382.177	8.820.185
OTHER				113.729
TOTAL	11.977.049	13.777.833	15.619.928	13.065.830

V – Filkemp’s sales evolution per business unit (2010-2015) in €M;

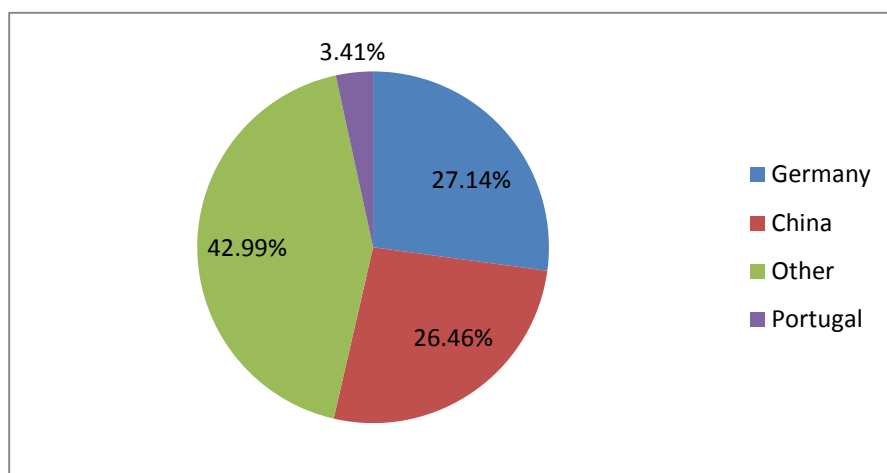
Business Units / Year	2010	2011	2012	2013	2014	2015
PA	4.305.179	4.752.394	4.549.066	3.900.679	4.648.734	4.968.013
PET	10.579.646	12.836.971	9.880.650	9.788.839	11.017.510	9.786.529
ABRASIVES		22.954	832.814	1.799.538	2.592.506	3.731.098
OTHER	315.188	225.272	288.962	163.922	346.289	703.885
TOTAL	15.200.013	17.837.591	15.551.492	15.652.978	18.605.039	19.189.525

VI – Filkemp’s Business Units



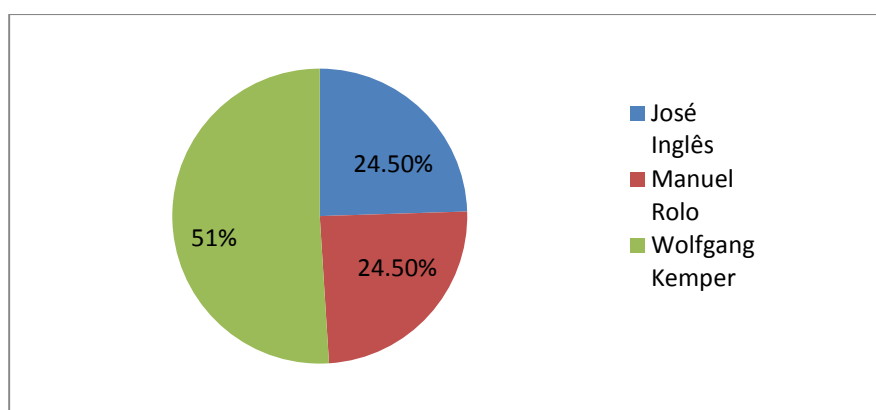
Filkemp’s division into four business units

VII – Filkemp’s exports per country



Divison of Filkemp’s exports per country in the end of 2015;

VIII – Ownership’s structure



Ownership structure when Wolfgang appointed his son Markus as sucessor;

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